

Message Text

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13

ACTION EA-14

INFO OCT-01 ISO-00 DLOS-06 COA-02 EB-11 INT-08 COME-00

SCI-06 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

SAM-01 FEA-02 DRC-01 CIEP-02 TRSE-00 IO-14 CG-00

OMB-01 /146 W

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R 310612Z JAN 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 2300

INFO AMEMBASSY TOKYO

AMEMBASSY TAIPEI

AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

USLO PEKING

UNCLAS SEOUL 0761

E.O. 11652: NA

TAGS: PBOR, ENGR, KS, JA

SUBJ: CONTINENTAL SHELF AND OFFSHORE OIL EXPLORATION

AGREEMENTS SIGNED BY KOREA AND JAPAN

REF: SEOUL A-15 (NOTAL)

SUMMARY: THIS CABLE SUMMARIZES MAIN PROVISIONS OF THESE
AGREEMENTS. END SUMMARY

1. KOREA FOREIGN MINISTER AND JAPANESE AMBASSADOR
SIGNED BILATERAL AGREEMENTS JANUARY 30 OPENING WAY FOR
JOINT EXPLORATION/EXPLOITATION OF CONTINENTAL SELF/
SEABED AREA IN KOREA STRAITS AND EAST CHINA SEA OVER-
LAPPED BY BOTH COUNTRIES' CLAIMS. AGREEMENTS MUST
NOT BE RATIFIED BY BOTH NATIONAL LEGISLATURES. THIS
PROCESS IS UNLIKELY TO BE CONCLUDED BEFORE LATE
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SPRING, 1974 AT THE EARLIEST. OIL FIRMS HOLDING

OVERLAPPING CONCESSIONS OR MINING RIGHTS IN JOINT AREA FROM EITHER COUNTRY MUST CONCLUDE THEIR OWN OPERATING AGREEMENTS WITH EACH OTHER. DRILLING IS ALMOST CERTAIN NOT TO COMMENCE BEFORE RATIFICATION TAKES PLACE, ALTHOUGH COMPANIES WILL BEGIN PRELIMINARY WORK ON OPERATING AGREEMENTS IN NEXT FEW DAYS.

2. CONTINENTAL SHELF AGREEMENT PROVIDES:

A. ARTICLE I - DELINEATION, IN SEVERAL LINEAR SEGMENTS, OF A PARTIAL BOUNDARY LINE FOR NORTHERN PART OF CONTINENTAL SHELF.

B. ARTICLE II - IN CASE EXPLOITABLE GEOLOGICAL FIELD OR MINERAL DEPOSIT STRADDLES BOUNDARY, BOTH PARTIES WILL SEEK TO AGREE ON MOST EFFECTIVE MANNER OF EXPLOITATION, OR REFER ISSUE TO BINDING THIRD PARTY ARBITRATION.

C. ARTICLE III AND IV - AGREEMENT DOES NOT AFFECT SUPERJACENT WATERS OR AIR SPACE, AND IS TO BE RATIFIED.

D. AGREED MINUTES SPECIFY CHARTS USED AND AGREE TO CONSULTATIONS ON ANY QUESTIONS, INCLUDING FISHERIES, WHICH MAY ARISE.

3. MAIN PROVISIONS OF JOINT DEVELOPMENT AGREEMENT FOR SOUTHERN PART OF ADJACENT CONTINENTAL SHELF ARE:

A. DEFINITION OF JOINT DEVELOPMENT ZONE AND SUBZONES THEREIN;

B. REQUIREMENT TO DESIGNATE CONCESSIONAIRES FOR EACH SUBZONE;

C. REQUIREMENT FOR CONCESSIONAIRES OF BOTH PARTIES TO ENTER INTO OPERATING AGREEMENTS WITHIN SIX MONTHS. APPROVAL OF OPERATING AGREEMENTS IS ASSUMED UNLESS EITHER GOVERNMENT OBJECTS WITHIN UNCLASSIFIED

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60 DAYS AFTER RECEIPT. OPERATOR TO BE DETERMINED BY LOT IF CONCESSIONAIRES FAIL TO AGREE;

D. CONCESSIONAIRES ARE ENTITLED TO EQUAL SHARE OF JDZ RESOURCES EXTRACTED;

E. AGREEMENT RUNS FIFTY YEARS, EXPLORATION RIGHTS RUN EIGHT YEARS, EXPLOITATION RIGHTS RUN THIRTY

YEARS, RENEWABLE IN FIVE YEAR INCREMENTS;

F. COMPANIES ARE RESPONSIBLE ONLY TO CONCESSION-GRANTING GOVERNMENT FOR TAXES, ROYALTIES, OTHER CHARGES AND LEGAL JURISDICTION;

G. COMPANIES ARE TO AGREE ON BEST PROCEDURES FOR EXPLOITING ANY BOUNDARY STRADDLING STRUCTURE, WITH PROPORTIONAL SHARING OF EXPENSES AND RETURNS;

H. A BILATERAL JOINT COMMISSION IS ESTABLISHED TO OVERSEE AGREEMENT IMPLEMENTATION;

I. AGREEMENT DOES NOT AFFECT SOVEREIGN RIGHTS OVER ANY PART OF ZONE OR PREJUDICE EITHER PARTY'S POSITION ON DELIMINATION OF CONTINENTAL SHELF;

J. OTHER PROVISIONS COVER DISPUTES SETTLEMENT, LEGAL RESPONSIBILITIES OF OPERATORS, CUSTOMS TREATMENT AND RATIFICATION;

K. ONE AGREED MINUTES AND THREE EXCHANGES OF LETTERS PROVIDE ADDITIONAL CLARIFICATION ON RIGHTS AND RESPONSIBILITIES OF OPERATORS, ENVIRONMENTAL PROTECTION INCLUDING FISHERIES, AND SPECIFIC PROCEDURAL AND NOTIFICATION REQUIREMENTS FOR OPERATORS.

4. COPIES ARE BEING POUCHED TO ALL ADDRESSEES.
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